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SUBJECT: CANADA ANNOUNCES OVER C\$40 MILLION IN MICROFINANCE
PROJECTS IN SEVERAL LDCS

¶1. (U) Summary: At the November 12 Global Microfinance Summit in Halifax, Canadian Foreign Minister Peter MacKay and International Cooperation Minister Josee Verner announced that Canada will provide more than C\$40 million to three Canadian NGOs to help poor people in developing countries get access to formal financial services to improve their own economic and social well-being. The FM said that "around the world, the power of microfinance is transforming lives" and noted that the Conservative government is a leader in microfinancing in Afghanistan to foster self-reliance. Minister Verner saw microfinance as "an important tool for development" since it gives poor people, especially women, the opportunity to access essential financial services so that they can start and build their own businesses and provide for their families. End Summary.

¶2. (U) The money will go to three Canadian NGOs with a track record in microfinancing initiatives. Developpement international Desjardins (DID) will receive C\$19.85 million to enhance access to financial services for the poor in 25 African, Asian, and Latin American countries and for outreach activities in Canada. Working with local partners, DID will focus on reducing poverty through increased access to financial services, especially for women. DID has long cooperated with the Canadian International Development Agency (CIDA). Institutions supported by CIDA and DID currently offer financial services that meet the needs of over 3 million people and have over 6,000 employees, some C\$750 million in savings and assets of about C\$1 billion. DID will also receive C\$1.3 million in support for the SANASA (Thrift and Credit Co-operative Movement in Sri Lanka)'s post-tsunami reconstruction and development efforts and the construction of houses and playgrounds; lending and credit line services for the most vulnerable; and reconstruction of financial data lost during the tsunami. The project will help 75 to 80 credit unions to restart their operations in the districts of Hambantota and Batticaloa. Among the SANASA federation groups are 8,440 primary cooperatives with 858,000 members. DID's website is <http://www.did.qc.ca>. Embassy note: DID is a component of the Desjardin Group, an integrated financial cooperative offering banking, insurance, securities and investment services with over C\$100 billion in assets. It is the largest financial institution in Quebec. End note.

¶3. (U) Canadian Co-operative Association will receive C\$19.5 million to continue the work of the program entitled Sustainable Livelihoods through Cooperatives. Among its activities, the program is developing and strengthening community-owned financial cooperatives to increase the

self-reliance of communities, increasing food self-sufficiency and access to markets, and helping to develop locally controlled services to respond to the health, housing and educational needs of poor communities in 17 African, Central Asian and South American countries. The Association's website is <http://www.coopscanada.coop/>.

¶4. (U) Oxfam-Quebec will receive nearly C\$150,000 for microenterprise institutions in Burkina Faso and Benin. The initiative aims to increase employment opportunities for youth aged 18-35 in these countries through the creation of microenterprise institutions. The project will also facilitate networking in the field of entrepreneurship among youth organizations in Benin, Burkina Faso, and Quebec. In Burkina Faso, the project will work with two partner organizations and target approximately 200 youth, while in Benin, the project will work with 15 youth support groups and will aim at helping about 1,000 youth. Oxfam-Quebec will also receive C\$145,000 to improve microfinance services in the department of Esteli, Nicaragua, particularly for women. This initiative will improve access to financial services, increase agricultural productivity, and improve living conditions for workers. Approximately 50 farm families (especially those headed by women) in the towns of Congeda and San Juan de Lamay will be reached by this project. Oxfam's website is <http://www.oxfam.qc.ca/>.

¶5. (U) The new microfinance initiative builds on more than 30 years of CIDA efforts to expand microfinance, especially for women, in the world's poorest countries. CIDA funding initially supported the delivery of microcredit directly to the poor, but over time, its assistance has become focused more on the development of a wide range of microfinance providers such as cooperatives, credit unions, NGOs, non-bank

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financial institutions, and banks that offer a wide range of financial services to the poor.

¶6. (U) Averaging more than C\$32 million a year over the last five years, CIDA's microfinance assistance has evolved with the growing self-sufficiency of microfinance institutions. The GoC believes that microfinance is helping bring the world closer to the Millennium Development Goal of cutting in half between 1990 and 2015 the proportion of people whose income is less than \$1 a day. One important success story for Canada's microfinance efforts is its over C\$40 million contribution to the Microfinance Investment Support Facility for Afghanistan (MISFA), launched by the Afghan government in ¶2003. Canada is the facility's largest donor. According to CIDA, MISFA now has more than 161,000 active loan clients, 73 percent of whom are women, and 98 percent of the loans are repaid with interest. Most loans have helped launch small retail businesses.

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